

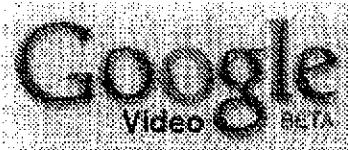
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FAPL + YouTube



YouTube Content Deal
Patrick Walker
Date: February 7th, 2007



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Partner Overview



Who Are They?

- Business description
 - Formed in 1992, it is the premier football competition in the UK
 - Revenues of over \$2.5bn per year, the most lucrative football league in the world and world's most popular sport
 - X-UK/Ireland TV rights sold at record \$330MM for 2007-2009 seasons
- Size
 - 20 teams – featuring most of world's best players
- Market presence
 - World's most watched sporting league followed by over 1 billion people world-wide
 - Most widely distributed sports programme in Asia
 - TV audiences of 100m-300m are reported in China

Why Do the Deal?

- First global sports YT deal with world's biggest and most recognized sporting league
- Globally recognized brand affiliation and content helping drive usage and break into new markets (APLA following huge)
- Prime content with which we can test and improve advertising in various geographies
- Already proven as key programming based on GV and YT popular videos/usage
- Supports YouTube expansion onto Mobile platforms and partnerships
- Keep Premier League as collaborative partner – including potential for Claim Your Content tool use and no-sue provision. They have been patient with us thus far since knowing we are interested in these rights.

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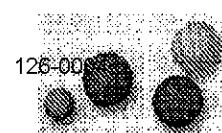
Proposed Deal Terms

Client	<ul style="list-style-type: none"> • FA Premier League
Term	<ul style="list-style-type: none"> • 3 years from 2007/2008 Season (beginning Sept. 2007) <p><u>License fee</u> payable in 3 equal installments (pre-payment of 6% of successful bid required before entering contract negotiations)</p> <p>No ongoing revenue share. Post flat license fee recoupment, all profits go to licensee.</p>
Proposal	<p>Can bid on either (or both) of:</p> <p>Internet Package</p> <ul style="list-style-type: none"> • FAPL provides individual match highlights, round reviews, archive footage and themed packages across every gameweek • 608 clips per year delivered in steady flow <p>Mobile Package</p> <ul style="list-style-type: none"> • FAPL provides in-match clips, match highlights, round reviews and preview packages every game week • Approx 2128 clips per year delivered in steady flow
Territory	<ul style="list-style-type: none"> • Worldwide x-UK/Ireland. Can choose to bid either Worldwide or by country
Exclusivity	<ul style="list-style-type: none"> • Exclusive license only (can bid with up to one partner) • Sub-licensing and syndication rights available
Timeline	<ul style="list-style-type: none"> • <u>Bid required by 15th February</u>

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Comps

- **Premiership**
 - UK Television rights (Sky and BBC) **\$2bn over 3 years**
 - UK Mobile rights (3 and Vodafone) **\$100m over 3 years**
 - International Television rights **\$330m per year**
- **La liga**
 - Spanish Television rights (Sogecable and TVE) **\$1.2bn over 3 years**
- **French Premiere League**
 - French Television rights (Canal +) **\$2.3bn over 3 years**
- **Bundesliga**
 - German Television rights (Premiere, ARD and ZDF) **\$466m over 2 years**
 - International All Media rights (Sportsman) **\$26m over 3 years**



Major Issues

- Google becomes a premium, exclusive rights owner
 - Potential direct competition for rights with Media/Telco Partners
 - Likely to be seen as bold move in the world press
 - Deal on license fee basis only, not advance vs. ad rev share
 - Responsibility to sub-license/re-distribute for global coverage
- Google ability to monetise mobile license
 - Mobile license enables future YT development
 - But no monetisation platform in place / planned for mobile
- Content sub-licensing business is not core Google skills
 - Significant sub-licensing deals required to drive value, particularly in mobile

Asks

- Shall we proceed with preparing a bid?
 - Recommendation: Yes, but potentially for PC only
- Which packages territories should we bid on?
 - Recommendation: Global x-UK/Ireland (which are already taken). Note: NTL has clip rights in UK and has approached us about helping them monetize & distribute it so we may get UK as well via NTL partnership
- Any guidance on bid level?
 - Running models now. Aim for roughly \$40MM over three years – which is what we believe is roughly in range of competitive bids, but not OTT
- Should we seek out a bid partner?
 - Have been approached by several parties to support their bids on PC side. Risk in doing this is we get less than optimal rights with geographic carve outs such as Japan and China (where EPL extremely popular)